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SUBJECT: OECD: EEB ASSISTANT SECRETARY SULLIVAN ADDRESSES
ENLARGEMENT AND ENHANCED ENGAGEMENT AT THE OECD MINISTERIAL

REF: (A) SECSTATE 67401 (NOTAL) (B) PARIS 1973

¶1. (SBU) EEB Assistant Secretary Dan Sullivan addressed the Organization for Economic Cooperation and Development (OECD) Meeting of the Council at Ministerial Level (MCM) during the May 16 session on "Enlargement and Enhanced Engagement." A/S Sullivan applauded on the decision to enhance relations with Brazil, China, India, Indonesia and South Africa. He said that the U.S., in joining consensus to open discussions with Chile, Estonia, Israel, the Russian Federation and Slovenia, had concerns about the Russian Government's commitment to democratic values, democratic institutions, and an open economy. He stressed that there is a lot of work beyond WTO accession that Russia must do to meet the membership requirements. A/S Sullivan said the U.S. was also encouraged by the decision to reform financing of the Organization in order to better reflect the need for OECD members to cover their costs and address rebalancing of burden sharing. In addition, the OECD will need to examine representation and how decisions are made as the Organization enlarges. He concluded by quoting Deputy Secretary Negroponte's remarks (see ref b) that the OECD agenda

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provides the opportunity to promote peace, stability, prosperity and democratic values through sound economic policies and good governance. The text of A/S Sullivan's remarks follows in para 2 below.

¶2. (SBU) Begin text of A/S Sullivan's May 15 remarks:

Thank you, Mr. Chairman.

-- The United States is pleased that the Members have reached an

agreement on the enlargement and enhanced engagement package. Like others, we also want to commend the Secretary General for his leadership, vision and energy on these critical issues.

-- This is a very important step for the OECD, one that will revitalize the organization, advancing our goals to expand the OECD's global reach, policy impact and relevance in the changing world economy.

-- This is particularly true with regard to the decision to enhance relations with key emerging economies including Brazil, China, India, Indonesia and South Africa.

-- The U.S. also joins consensus to invite the Secretary General to open discussion with Chile, Estonia, Israel, the Russian Federation, and Slovenia to set out terms for their accession to the OECD.

-- The global geographic diversity - Latin America, Asia, Africa and the Middle East - represented by the enlargement and enhanced engagement countries is particularly welcome by the United States

-- Regarding Russia, we share the concerns articulated by the United Kingdom. I would reiterate points we made at the ECSS last month, namely:

- o that the United States has concerns about the Russian Government's commitment to democratic values, democratic institutions, and an open economy; and

- o that there is a lot of work beyond WTO accession that Russia must do to meet the membership requirements.

-- We are satisfied that acceptable political language with regard to addressing commitment to democratic institutions and an open economy in the accession process has been included in the text.

-- We are also encouraged by the agreement reached on the reform of financing, but challenges remain over the coming months as we agree on new financing arrangements that better reflect the need for OECD members to cover their costs and address rebalancing of burden sharing.

-- In addition, bringing in new members presents us with significant challenges with regard to how the Organization will function. As the responsible board of directors of the OECD, we need to ensure that it is able to function efficiently and effectively.

-- We look forward to working with the Secretary General and the other members of the Council on these issues in order to provide the Organization the tools it needs to meet today's challenges.

-- In conclusion, I think that today's decision on enhanced engagement and enlargement - although difficult, and at times contentious - should be something we are proud of and should celebrate. As my Deputy Secretary of State, John Negroponte stated yesterday:

QUOTE - Our agenda is full of opportunities to advance the fundamental mission of promoting peace, stability, prosperity, and democratic values the sound economic policies and good governance. We should remain true to our founding vision and high standards, confident that in real partnership we will achieve real success - across the Atlantic and around the globe. END QUOTE.

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